

Ownership makeover for Premier Fitness

Steve Arnold

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A Toronto chiropractor has orchestrated the purchase of one of Ontario's largest, and most controversial, fitness club chains.

Premier Fitness club signs are already disappearing from the chain of gyms to be replaced by new banners branding them Physiomed Fitness, "a different kind of fitness club."

Physiomed chair and CEO Scott Wilson said the new chain will be an all-franchise affair where the on-site operator is also an owner — a structure he said will overcome the problems that made Premier the most-complained about fitness club chain in Ontario.

The chain has 26 locations around Ontario including six in Hamilton-Burlington. Financial details of the deal were not revealed, Wilson would only say it amounted to "many millions of dollars." Physiomed operated chiropractic/physiotherapy clinics in many of the Premier gyms.

"The foundations of this business are good," Wilson said in an interview. "In the first few days it's a completely different feel here."

Under the new structure, the chiropractors, physiotherapists and other professionals who operated Physiomed clinics will become the franchised owner-operators of the fitness clubs, with Wilson as a partner. He is also the franchisor.

"The obligations of this are sitting pretty heavily on me, but it's a unique opportunity," he said. "We can do this because I have strong support from the financial community."

Where the traditional health club business model has been centred on selling memberships, Wilson said he wants the new company to be more focused on health care. In that model, he said the clubs will combine the best exercise equipment with the health expertise of its owners and a hefty dose of education to provide something completely different in the market.

"The fitness club industry is still mostly staffed by personal trainers with varying levels of education and training," Wilson said. "We're going to give people a chance to see the club and try it out first."

Acquiring Premier Fitness isn't Wilson's first entrepreneurial venture — he already has a company that provides physiotherapy services to nursing homes, a physician service company that provides medical office software as well as advising doctors on dealing with government and billing uninsured patients. In addition to the clinics in Premier clubs, he operates health clinics in Wal-Marts stores in western Canada.

"This model will make us stand out and be very nimble in the market," he said.

Wilson said he was approached by Premier founder John Cardillo last year about buying the company — Cardillo was fighting cancer and wanted to retire.

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For years former members of Premier Fitness have complained they continued to be billed for memberships years after they thought they had cancelled. Those complaints were the focus of a Hamilton Spectator investigation in 2004 and a CBC Marketplace poll last year. Hamilton police investigated the company's practices for fraud but dropped the probe after deciding they couldn't prove anyone at the company intended to cheat customers.

Wilson said the new company will overcome those problems by having all billing work done at the local club, rather than at a head office.

"The big difference is we're going to have an owner-operator on site," he said. "The billing will all be done on site so there'll be none of this corporate stuff. That's a huge difference in this industry."

Mike Bates, Ontario member of the board of directors of the Fitness Industry Council of Canada, welcomed the change in ownership after years of trying to overcome Premier's poor public image.

"Premier has had public image problems," he said. "Fitness clubs go wrong quickly when they put the emphasis only on selling memberships and not on keeping members."

Clive Caldwell, operator of Toronto's Cambridge Group of Clubs, also welcomed a new operator with a good reputation to the industry.

"It's always good to have good operators in the business. This is a positive development," he said.

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